

m/023/007 North Lily  
mine  
- file

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April 4, 2000

Via Facsimile [(801) 538-6016] and U.S. Mail

Don A. Ostler, P.E.  
Executive Secretary  
Utah Division of Water Quality  
288 North 1460 West  
Salt Lake City, Utah 84101

**RECEIVED**

APR 06 2000

DIVISION OF  
OIL, GAS AND MINING

**Re: North Lily Mining Company: Notice and Order, Docket No. UGW20-04**

Dear Mr. Ostler:

We are writing on behalf of our client North Lily Mining Company ("North Lily") in response to items nos. 1 and 3 of the Order under the above-referenced Notice of Violation and Order. As previously reported to you, North Lily has engaged the services of JBR Environmental Consultants, Inc. to assist it in addressing technical issues which have been raised by the Division of Water Quality and the Division of Oil, Gas and Mining concerning the Silver City Leach Facility in Juab County, Utah. North Lily has indicated its desire to meet with representatives of both Divisions to address the issues of concern, and we understand a meeting is scheduled for April 10, 2000, at 2:30 p.m. in your offices. It remains North Lily's intention to continue reduction of solution volumes through enhanced evaporation and to make improvements to the existing system to increase the rate of evaporation.

With respect to item no. 3 of the Order, JBR has prepared an excess water management plan which it is forwarding to you under a separate letter.

In response to item no. 1 of the Order, North Lily believes that it has substantially complied with Order Docket No. UGW2003. Specifically, North Lily believes it previously provided adequate responses concerning the specifications used for liner repair and recently made a further submission with respect to such specifications as required by Order. North Lily believes there may be misunderstandings and confusion concerning the timing of actions taken and the terminology that was used. North Lily did install additional misters in the fall of 1999,

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Don A. Ostler, P.E.

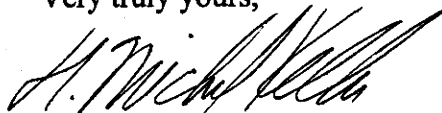
April 4, 2000

Page Two

as reported in its letter of November 24, 1999. North Lily also believes that there has been confusion over references to liners and, specifically, confusion as to whether statements made on behalf of North Lily or by the Division referenced primary or secondary liners. Prior statements regarding intentions to conduct repairs were also conditioned upon weather permitting, and during much of December 1999 through February 2000, weather limited the ability to conduct such actions. It has been and remains North Lily's intention to comply with the Orders of the Division, and North Lily denies knowingly making any false statements, representations or certifications in its submissions to the Division.

North Lily is looking forward to its upcoming meeting with the Division and representatives of the Division of Oil, Gas and Mining to address issues of concern. North Lily reserves the right to contest the Notice of Violation and Order and request a hearing as provided by law.

Very truly yours,



H. Michael Keller

HMK/lr

cc: Stephen Flechner, North Lily Mining Company  
Bob Bayer, JBR Environmental Consultants, Inc.  
Fred Nelson, Assistant Attorney General  
Mary Ann Wright, Division of Oil, Gas and Mining